

Remarks made by Finance Chair Councilman Peter A. Grefrath at the March 15, 2011 Budget Introduction --

Tonight we are introducing the 2011 Municipal Budget.

The good news in 2011 is that we did not lose any additional State Aid as we have the previous three years. This year, we received the same amount of aid we did last year -- and we were able to offer the residents a budget with an approximate 1.2% municipal tax increase through a total team effort.

We crafted our budget with no employee furloughs, no layoffs, and no deferred pensions. The governing body wanted to treat our municipal employees with the same respect that we owe our residents. We felt that this would assist in maintaining the valued services that our residents enjoy. Our goal was to introduce a budget that does not contain an impact on services received by our residents.

It took a total team effort to craft a budget to introduce this year, and here are our preliminary results that will be introduced tonight:

- ▶ 2011 proposed budget \$16,435,884 vs. a 2010 adopted budget of \$16,439,651 or a decrease of \$3,767
- ▶ 2011 proposed tax levy \$11,970,448 vs. a 2010 levy of \$11,619,129 or an increase of \$351,319
- ▶ That means the municipal tax rate will go from .682 to .690, or an increase of 1.2% or \$32 on an average home (\$398,240)
- ▶ The proposed budget is \$376k under the appropriation CAP (@3.5%) and \$839 under the tax levy CAP (2%), which was the target established by the State.
- ▶ The current fund surplus was reduced by nearly \$500k. Our surplus at 12/31/09 was \$2,750,000, while at 12/31/10 was \$2,250,000. This was mainly due to revenue shortfalls with miscellaneous income and the collections of the prior year delinquent taxes. These two items totaled \$370k. The proposed 2011 budget is utilizing \$1,360,000 or approximately 60% of total surplus.

- ▶ Major appropriation increases included
 - 1) Police salary and wage line was up \$143K
 - 2) State pension contributions were up \$109k
 - 3) BCUA payment was up \$84k
- ▶ And our capital improvement fund appropriation was decreased by \$150k
- ▶ The 2011 spending appropriation was \$15,557,584
- ▶ The 2010 spending appropriation was \$15,506,173
- ▶ Although this increase was \$51,411 or 0.33% -- the spending appropriation does NOT include the reserve for uncollected tax appropriation
- ▶ The municipal portion of our budget was 30.6% in 2010, and when the County introduces its budget tomorrow, we will be able to provide you with the municipal portion for 2011.

However, our budget process had a silver lining.

- ▶ State aid did not increase or decrease the municipality's allocation, which went down for three straight years. We again received \$1,019,000
- ▶ The current year tax collections continued to be strong even though the economy is still struggling. The 2010 collection rate was 98.7%
- ▶ The municipal tables increased from \$1,703,900,000 to \$1,734,600,000

I once again would like to thank all of the people who have played important roles in developing this difficult budget, including:

- ▶ Our Finance Department of Ray Herr, Stephanie Stokes and Gloria Seidel.
- ▶ Our Finance Committee with Councilman Bill Phayre, Mayor John Birkner, BA Bob Hoffmann, CFO Ray Herr, and myself.
- ▶ Our Auditor Gary Vinci and everyone working for our benefit at our Auditor - Lerch, Vinci and Higgins.
- ▶ The Department Heads and municipal staff who towed the line and made some very informed and necessary budget reductions within their groups.
- ▶ And the entire governing body, who was called upon several times to meet for our annual line-by-line budget review.